CASTLE & COOKE, INC.

ANNUAL REPORT 1959

DIRECTORS AND OFFICERS

DIRECTORS

A. G. BUDGE, *Chairman*

J. BALLARD ATHERTON	J. H. MIDKIFF
E. E. BLACK	GEO. G. MONTGOMERY
*F. O. BOYER	J. S. B. PRATT, III
W. M. BUSH	FREDERICK SIMPICH, JR.
A. L. CASTLE	T. G. SINGLEHURST
H. K. L. CASTLE	A. F. STUBENBERG
MALCOLM MACNAUGHTON	R. H. WHEELER

H. W. B. WHITE

OFFICERS

A. G. BUDGE	*Chairman of the Board*
MALCOLM MACNAUGHTON	*President*
H. K. L. CASTLE	*Vice President*
W. M. BUSH	*Vice President*
FREDERICK SIMPICH, JR.	*Vice President*
JOHN F. MURPHY	*Vice President and Secretary*
HENRY B. CLARK, JR.	*Treasurer and Assistant Secretary*
HOWARD HUBBARD	*Controller*
L. J. HOUGHTON	*Assistant Treasurer*
J. K. PALK	*Assistant Treasurer*
W. M. HALE, JR.	*Assistant Secretary*
H. M. RICHARDS	*Assistant Secretary*

* Died November 1959

AUDITOR

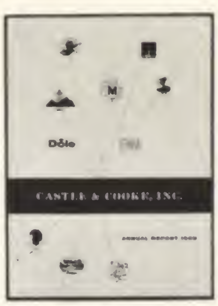
HASKINS & SELLS

STOCK TRANSFER AGENTS

HAWAIIAN TRUST CO., LTD. • Honolulu
WELLS FARGO BANK • San Francisco

REGISTRARS

BISHOP TRUST CO., LTD. • Honolulu
AMERICAN TRUST CO. • San Francisco



OUR COVER

The cover design is an arrangement of trademarks and symbols representing companies affiliated with Castle & Cooke and some of their products. These illustrations also appear elsewhere in the report in reference to companies or products they represent.

CASTLE & COOKE, INC.

HIGHLIGHTS OF 1959

Earnings were highest in recent company history. Consolidated net profit was $3,031,390 or $1.93 per share. This compares with $1,710,235 or $1.11 per share for the prior year.

•

Production and earnings of Waialua, Ewa and Kohala sugar companies continued to reflect the damaging effect of the 1958 strike.

•

Hawaiian Pineapple Company showed a substantial profit increase for the 1958-1959 fiscal year but sales and earnings for the first half of the current fiscal year were down.

•

Columbia River Packers is having one of its best production years in the history of the company. Both sales and profits are expected to exceed those of fiscal 1959.

•

Matson disposed of most of its non-shipping assets. Realignment of Matson ownership increased Castle & Cooke's interest to 23 per cent.

•

Stevedoring and freight operations continued to feel the impact of cargo containerization, with Matson's first fully converted container ship scheduled for service by mid-1960.

•

Honolulu Oil reported production and sales highest in the company's history.

A. G. Budge, left, resigned as president of Castle & Cooke December 1, 1959, to become chairman of the board and chief executive officer. He was succeeded as president by Malcolm MacNaughton, right.

TO THE STOCKHOLDERS OF CASTLE & COOKE, INC.:

With a background of almost 110 years as a participant in the basic economic development of Hawaii, Castle & Cooke welcomes what appears to be a new era of business growth and community progress for the 50th State.

During the past year there has been a further diversity and acceleration of industrial activity in Hawaii. This has resulted in part from the effect of the high level of national prosperity in which these islands have shared. In addition, the impact of statehood in 1959 focused world attention on Hawaii and stimulated unprecedented interest among mainland investors and businessmen as well as among countless potential tourists.

While statehood has tied Hawaii more closely into the political and business affairs of the nation, simultaneous advent of the jet age brought us much nearer to the mainland in travel time. This means that not only is Hawaii more accessible today to both business visitors and vacationists, but the jets in effect have made opportunities on the mainland and elsewhere more conveniently available to management and capital in Hawaii.

The unparalleled volume of new construction—hotel, residential and industrial—is drastically changing the skyline and physical character of Honolulu and suburban districts. This in turn has a stimulating effect on retail trade; has increased the market for products manufactured in Hawaii and the various types of services demanded by new community development.

Real estate prices continue to rise, requiring reappraisal of the potential use of large areas of land which heretofore have been undeveloped or have supported agricultural crops.

Basic industries new to Hawaii have come into the picture, including cement plants, an oil refinery, a steel mill and the potential production of paper.

Long-established companies such as ours are reviewing their investments and traditional patterns of business to be in a position to participate in new growth possibilities here and elsewhere.

Partially as a result of the favorable effect of some of the factors noted above, Castle & Cooke earnings in 1959 were the highest in the recent history of the company. Consolidated net profit was $3,031,390 or $1.93 per share. This compares with $1,710,235 or $1.11 per share in 1958 and reflects substantial increase in investment income.

A cash dividend of $1 was paid in 1959, plus a two per cent stock dividend. This procedure enabled our stockholders to share in the improved earnings and at the same time conserved the company's cash which had been affected by the investments made during the year in additional shares of Hawaiian Pineapple Company, Limited, Columbia River Packers Association, and Waialua Agricultural Company.

These figures do not reflect our pro-rata of retained earnings of Hawaiian Pineapple Company and Columbia River Packers Association for their most recent full fiscal years. These earnings amounted to $1.05 per share of Castle & Cooke. Because of the seasonal nature of their business, Hapco and CRPA find it more appropriate to maintain their books on a basis other than a calendar year. As their results affect us so substantially, consideration is being given to changing our fiscal year to coincide with theirs.

Acquisition of the Hapco stock gave us a 52 per cent position in that company at the end of 1959 in comparison with a 49 per cent holding a year ago. Purchase of additional CRPA shares increased our percentage of ownership to 60.5 per cent.

The following pages summarize major developments affecting our subsidiary and affiliated companies and the activities of some of our major departments and divisions.

It is gratifying to conclude this portion of our report by noting the substantial increase during the year in the number of our shareholders. At the year end there were 3,633 compared with 3,157 a year ago, a gain of 15 per cent. Most of our new shareholders are mainland residents representing nearly every state in the union.

The interest shown by this increase no doubt is partially attributable to the widespread publicity which Hawaii has received during the past year, and partially to the favorable study and report on Castle & Cooke prepared and widely circulated last summer by the investment banking firm of Blyth & Co.

The confidence expressed by this increase in the number of our share owners is a source of pride and encouragement as we look ahead into what appears to be a promising and challenging future for our company and our new state.

A. G. Budge

A. G. Budge, Chairman of the Board

Malcolm MacNaughton

Malcolm MacNaughton, President

SUGAR PRODUCTION

Castle & Cooke is agent for three sugar plantations. Our interest in sugar represents about 15 per cent of total investments. This includes Kohala Sugar Company, a wholly owned subsidiary on the Island of Hawaii, a 27 per cent interest in Ewa Plantation Company and a 47 per cent interest in Waialua Agricultural Company, Ltd. Both of the latter are on Oahu.

These companies together normally produce about 165,000 tons of sugar or approximately 16 per cent of Hawaii's total tonnage. Production in 1959, however, dropped sharply because of the continuing effect of the 1958 industry-wide strike. Forecasts for 1960 indicate that results will continue to reflect strike damage, but all three companies should be back to normal production levels by 1961.

EWA PLANTATION COMPANY

EWA

Of the 27 sugar companies in Hawaii, Ewa suffered the most damage as a result of the 1958 strike. This was because the plantation is located in a dry area and the cane is heavily dependent upon irrigation.

The 1959 crop totaled 34,899 tons of sugar compared with a pre-strike forecast of 61,700 for the year.

Ewa was one of two sugar companies eligible to receive mutual support under the formula established by the industry. This amounted to $508,841, and although not payable until 1960, it was treated as 1959 income. The proceeds, together with a refund of $179,093 in federal taxes paid in prior years, reduced the net loss to $138,878 for 1959.

The 1960 crop should approximate 42,000 tons with a net loss of about $93,000. Dividends were suspended in 1958 and will not be resumed until they are justified by earnings.

WAIALUA AGRICULTURAL COMPANY

Waialua produced 56,115 tons of sugar including 6,507 tons from fields carried over from 1958. The pre-strike estimate for the crop was 64,900 tons. The forecast for 1960 is 54,400 tons.

Net profit for the year was $133,827. This compares with net earnings of $341,217 in 1958 and $482,756 in 1957.

Fields and facilities are in good condition and the company is expected to regain a normal level of production by 1961.

KOHALA SUGAR COMPANY

Sugar production totaled 50,253 tons, the largest crop in Kohala's history. This included 2,670 tons from acreage of independent planters in the area. It also included substantial tonnage from fields carried over from 1958.

The production total compares with 30,909 tons for the strike year of 1958 and 48,627 for 1957. While the tonnage was a new record for Kohala, the quality of the cane was poor and costs were high. The forecast for 1960 is 43,900 tons.

Net earnings were $249,209 compared with a net loss of $224,273 for 1958 and a profit of $313,464 in 1957. Kohala is a wholly owned subsidiary and its earnings are consolidated with those of Castle & Cooke.

MAINLAND MARKET

The losses which the Hawaiian sugar industry generally suffered this past year as a result of the 1958 strike were compounded, as they usually are in situations of this kind, by the gains made by our competitors in our market area.

Population growth in the 11 western states, where most of Hawaii's sugar is sold, has been substantial and sugar sales in the area have increased proportionately. While Hawaiian production was below quota, beet sugar production in this primary market was at a new high of 2,216,000 tons.

A view of the mill and bulk sugar storage bins of Waialua Agricultural Company, Ltd.

The 1960 beet crop is expected to reach about 2,400,000 tons and competition for sales probably will be even more intense than in the past.

The outlook is clouded further by uncertainties arising from the political crisis in Cuba. The entire domestic industry has been close to agreement on extension of the Sugar Act which is now up for consideration by Congress.

But foreign policy implications of the Cuban situation have become involved in prospects for sugar legislation. Should there be some reallocation of a portion of the quota heretofore supplied by Cuba, Hawaii's mainland and foreign competitors, including beet producing states, will be seeking recognition.

Fortunately, Hawaii's position in Washington has been strengthened by statehood. Our representatives in Congress all recognize the importance of constructive legislation for the welfare of the entire domestic sugar industry.

HAWAIIAN PINEAPPLE COMPANY

This company, 52 per cent owned by Castle & Cooke, reported net earnings of $4,241,144, or $1.98 per share, for its fiscal year ending May 31, 1959. This compares with $1,904,179, or $.87 per share, for the prior year.

This substantial increase was due largely to a favorable combination of improved marketing conditions and better prices. Cash dividends paid on the common stock during 1959 totaled $1.00 per share, compared with $.25 in 1958.

For the first half of the current fiscal year, Hapco's net sales and estimated earnings were down from the same period of the prior year. Sales and profit margins on its pineapple-citrus juice products were lower during this period, though sales of solid-pack pineapple were good and prices were firm.

The stockholders will be asked at the annual meeting in August, 1960, to approve changing the corporate name from Hawaiian Pineapple Company to Dole Corporation. The change has been proposed to strengthen the sales potential of the already successful and widely known Dole label and to provide the company with an identity which can cover other possible business in addition to pineapple production.

The company is studying plans for possible development of some of its fee simple lands in Hawaii not required for pineapple production. It is not contemplated, however, that there will be any diversion of effort or acreage which will in any way impair the company's strong market position. The form and timing of such development would be determined by market considerations and would be consistent with an over-all master plan for the company's land holdings.

As a first step in this program, the company has received the necessary permits to develop a cemetery on a portion of its Oahu lands and is moving ahead with the project.

The company continues heavy emphasis on cost control through technical advances, plant and process improvements, supported by capital spending at an average rate of at least $3,000,000 per year.

Symbol of a new era in Hawaiian shipping is the giant crane built by Matson to handle containerized cargo.

MATSON LINES

Major changes during the year resulted in realignment of Matson ownership and scope of operations.

As a result of studies which had been in progress for more than a year, the company developed a formula for disposing of the largest part of its non-shipping assets.

This took the form of an offer to redeem more than 600,000 shares of capital stock in exchange partly for cash and partly for stock of Honolulu Oil Corporation, Pacific Intermountain Express Co., and Pacific National Life Assurance Company.

Castle & Cooke retained all of its Matson shares to protect and strengthen our interest in shipping and waterfront operations and because of our confidence in Matson's long-term profitability.

The effect of this redemption plan, which was fully subscribed, was to increase Castle & Cooke's ownership in Matson to 23 per cent. Divestment of the properties not directly related to shipping leaves Matson in a position to concentrate more effectively on its primary function as a steamship company. This development has necessitated some realignment of staff and departments to improve efficiency.

Meantime, Matson has been proceeding with its containerization program including conversion of the Hawaiian Citizen to serve as the first full continer ship in the Hawaiian trade. In conjunction with this program, the company was the successful bidder in response to a request by the State of Hawaii for proposals for constructing a container berth and other facilities at the state-owned Diamond Head terminal in Honolulu harbor.

These developments should strengthen Matson's competitive position enabling the company to provide services consistent with the changing and growing needs of the trade.

CASTLE & COOKE TERMINALS

The first full year of cargo containerization brought with it a number of adjustment problems for this wholly owned subsidiary which provides stevedoring and terminal services in the port of Honolulu. This involved planning for anticipated expansion of container service while at the same time handling a substantial volume of conventional cargo.

Difficulties which have been encountered during the past year in connection with marshalling yard and warehouse operations are expected to be at least partially relieved by the proposed new container freight station to be built on state-owned property under terms of a lease with the state.

Meantime, the Terminals purchased seven acres of land in the Kapalama industrial area of Honolulu for possible development in connection with further growth of containerized cargo and warehousing service. Several new terminal service and stevedoring accounts were obtained and the company acquired a 40 per cent interest in Hawaiian Hauling Service, a trucking firm specializing in container cargo.

FREIGHT AGENCY

Through this department the company provides freight agency services for Matson, Isthmian and Nippon Yusen Kaisha, and it also functions as husbanding agent for other carriers.

Changing concepts in cargo handling, plans for substantial expansion of container service, and sharply increased competition made 1959 a challenging year.

Although there were numerous disruptions in vessel schedules, largely because of labor problems in Los Angeles, customer acceptance of containerized cargo was encouraging and demand exceeded supply throughout the period.

Competition in the San Francisco Bay area-Honolulu service was intensive. Although six Matson vessels were equipped to carry 75 units each on deck, this was not enough to take care of the demand.

Hawaiian Marine Freightways, operating three ships between California ports and Honolulu, discontinued service early in 1960. As a result of this development, our freight department and Matson were confronted with abnormal demands for container and general cargo space. Fortunately, Matson's first full container ship and two additional deck carriers were expected in service by mid-year and will provide substantial additional capacity to meet the needs of the trade.

An aerial view of Kawaihae harbor on the Island of Hawaii, showing bulk sugar, molasses and oil storage facilities.

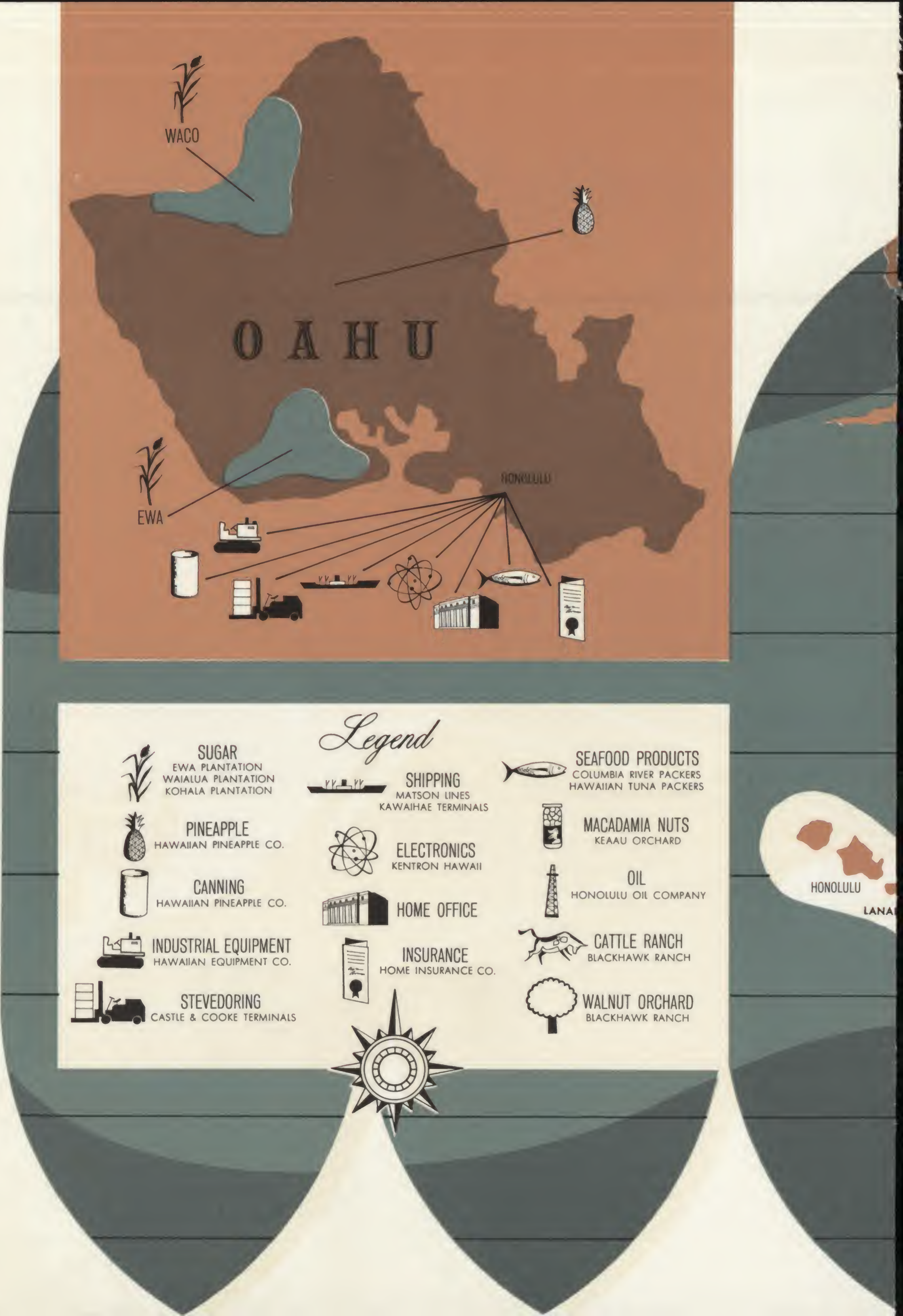
KAWAIHAE TERMINALS

New bulk sugar loading and warehouse facilities at Kawaihae on the Island of Hawaii were completed and dedicated in October following extensive improvement of the harbor area by the U. S. Engineers and the state.

Castle & Cooke, Inc., and Theo. H. Davies & Co., jointly formed Kawaihae Terminals, Inc., in 1958 to handle sugar and molasses shipments from the west Hawaii port and to provide general stevedoring and terminal services for other types of cargo.

The port is being used for inter-island barge movements of cargo, for delivery of oil by tanker and for shipment of molasses. First operation of the bulk sugar facilities, however, has been delayed pending completion of discussions with the union.

Congressman Michael J. Kirwan of Ohio was principal speaker at the Kawaihae dedication.



WACO
OAHU
EWA
HONOLULU
Legend
SUGAR
EWA PLANTATION
WAIALUA PLANTATION
KOHALA PLANTATION
PINEAPPLE
HAWAIIAN PINEAPPLE CO.
CANNING
HAWAIIAN PINEAPPLE CO.
INDUSTRIAL EQUIPMENT
HAWAIIAN EQUIPMENT CO.
STEVEDORING
CASTLE & COOKE TERMINALS
SHIPPING
MATSON LINES
KAWAIHAE TERMINALS
ELECTRONICS
KENTRON HAWAII
HOME OFFICE
INSURANCE
HOME INSURANCE CO.
SEAFOOD PRODUCTS
COLUMBIA RIVER PACKERS
HAWAIIAN TUNA PACKERS
MACADAMIA NUTS
KEAAU ORCHARD
OIL
HONOLULU OIL COMPANY
CATTLE RANCH
BLACKHAWK RANCH
WALNUT ORCHARD
BLACKHAWK RANCH
HONOLULU

PACIFIC ORIENTATION MAP

Showing Location of Castle & Cooke's Business Activities and Principal Investments

This display kit was developed as a point-of-sales device in conjunction with the mainland distribution program for Royal Hawaiian Macadamia nuts.

MACADAMIA NUTS

Mainland sales of Royal Hawaiian macadamia nuts, grown, processed and packed at Castle & Cooke's orchard on the Island of Hawaii, continue to be encouraging.

Twenty-two sales outlets in major cities throughout the nation have shown steadily increasing customer demand for this new delicacy from Hawaii.

The sales program has been supported by national advertising and publicity and by numerous sampling demonstrations in various retail outlets.

Meantime, further improvements have been made in factory and field operations. Substantial gains in recovery of kernels from in-shell nuts and development of mechanical harvesting techniques highlighted orchard operations for the year.

We have not yet reached the break-even point of this long-term venture, but as we expand our market in relation to steadily increasing production from the orchard, prospects continue to be encouraging.

mences in the summer of 1960. Sales are exceeding budgeted goals for the year and are being enhanced by a new advertising and merchandising program now in effect. Continuation of the present trend will produce a new sales record for the 1959-60 fiscal year.

HONOLULU OIL CORPORATION

Although Castle & Cooke owns only a 4.27 per cent interest in this company, the investment is a significant source of dividend income.

Production and sales of crude oil, natural gas, and other products were the highest in the company's history. Average daily crude oil production in 1959 was 43,300 barrels. This compares with the previous high of 42,500 barrels in 1956.

Gross income for 1959 was $45,000,000 and net income was $12,900,000, or $3.45 per share. Dividends of $2 per share were paid. On the basis of the 160,000 shares held by Castle & Cooke, this represents a dividend income of $320,000 for the year.

The company is conducting an exploratory and developmental program in various western states and Canada. Honolulu Oil has also been acquiring oil and gas leases in Alaska and is conducting geological explorations in that new state but no drilling has been undertaken to date.

BLACKHAWK RANCH

This 6,500-acre property, owned and operated by the company, is located on the south slope of Mt. Diablo, 30 miles east of San Francisco. Income from a 140-acre walnut orchard and a 900-head cattle operation has covered expenses since purchase of the ranch in 1956.

Continuing industrial, commercial and residential expansion into areas adjacent to Blackhawk ensure its soundness as a long-range investment.

COLUMBIA RIVER PACKERS

* In 1959, this company, in which Castle & Cooke holds a 60 per cent interest, changed its reporting from the calendar year to a new May 1 to April 30 fiscal basis.

Gross sales and profits for the first nine months of the current fiscal period are ahead of the same period for the prior year. It is anticipated that both sales and profits after taxes for the entire year will exceed those of the comparable prior period.

During the year the company, together with an associate, Ward's Cove Packing Company, formed the CWC Fisheries, Inc., which acquired all of Libby, McNeill & Libby's Alaska salmon packing facilities. This has substantially increased the CRPA's participation in major salmon producing areas of Alaska.

The company is enjoying one of the best production years in its long history. Fishing operations in both Hawaiian waters and off the coast of Oregon and Washington proved to be among the best on record and tuna canning is continuing in both Astoria and Honolulu.

Estimated production of canned seafood for the fiscal year will exceed production for the comparable prior period by 150,000 cases.

The company's inventories of canned salmon and of canned and frozen tuna assure adequate supplies for its marketing requirements, until new production com-

*Bumblebee trade mark of CRPA seafood products.

These salmon and tuna boats, pictured in a moment of repose, supply fish for Columbia River Packers at Astoria, Oregon.

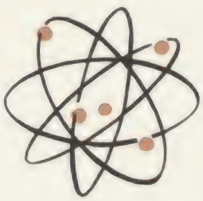
HAWAIIAN EQUIPMENT COMPANY

* Despite intense competition, sales volume in 1959 was the second highest in the history of the company. The continuing construction boom, post-strike recovery in the sugar industry and generally improved conditions in the pineapple business contributed to an active market for the various lines of industrial equipment represented by the company.

With 145 persons now employed, Hawaiian Equipment Company is winning increased recognition for the products and services which it sells. It is a wholly owned subsidiary and its earnings are consolidated with those of Castle & Cooke.

*Symbol of International Harvester products distributed by Hawaiian Equipment Co. along with many other lines.

KENTRON HAWAII



This small firm was organized in 1956 with Castle & Cooke holding a 45 per cent interest. It is a manufacturer and supplier of electronics equipment and services.

While the quality of television picture tubes produced by Kentron has been good, the local market has not been up to expectations. The electronics division, including the only certified standards laboratory in the Pacific, shows promise of developing increased business as do the sales and service divisions representing various manufacturers of specialized equipment.

HOME INSURANCE COMPANY

This firm, one of the oldest insurance organizations in Hawaii and 40 per cent owned by Castle & Cooke, registered its largest sales increase in history to conclude a record year.

Gross sales were $8,066,155 compared with $6,909,630 in 1958. Despite extensive hurricane losses experienced in the early part of the year, net profit for 1959 was $293,111 against $281,186 for 1958. The $1.60 dividend rate was maintained.

As the year ended the company was completing construction of a new five story building which will provide substantially improved facilities for staff, sales force and clients.

CONSOLIDATED INVESTMENTS

AS OF DECEMBER 31, 1959

STOCK INVESTMENTS:	Shares Outstanding	Number of Shares Held	Per Cent of Total Outstanding
Bay & River Navigation Co.	17,000	2,925	17.21
Bishop Trust Co., Ltd.	120,493	4,500	3.73
Calif. & Hawn. Sugar Ref. Corp., Ltd.	151,785	4,386	2.89†
Columbia River Packers Assn., Inc.	270,000	163,408	60.52
Ewa Plantation Co.	237,105	65,000	27.45
Hawaiian Development Co., Ltd.	5,700	221	3.88†
Hawaiian-Philippine Co. (Pfd.)	398,778	33,154	8.31
Hawaiian Pineapple Co.	2,115,605	1,100,000	51.99
Hawaiian Trust Co., Ltd.	100,000	4,732	4.73
Home Insurance Co. of Hawaii, Ltd.	125,000	50,000	40.00
Honolulu Oil Corporation	3,750,972	160,000	4.27
Kawaihae Terminals, Inc.	20,000	11,000	55.00
Kentron Hawaii, Ltd. (Pfd.)	10,000	4,529	45.29
Kentron Hawaii, Ltd. (Common)	320,000	137,260	42.89
Matson Navigation Company	878,022	204,720	23.31
Waialua Agricultural Co., Ltd.	600,000	281,030	46.85

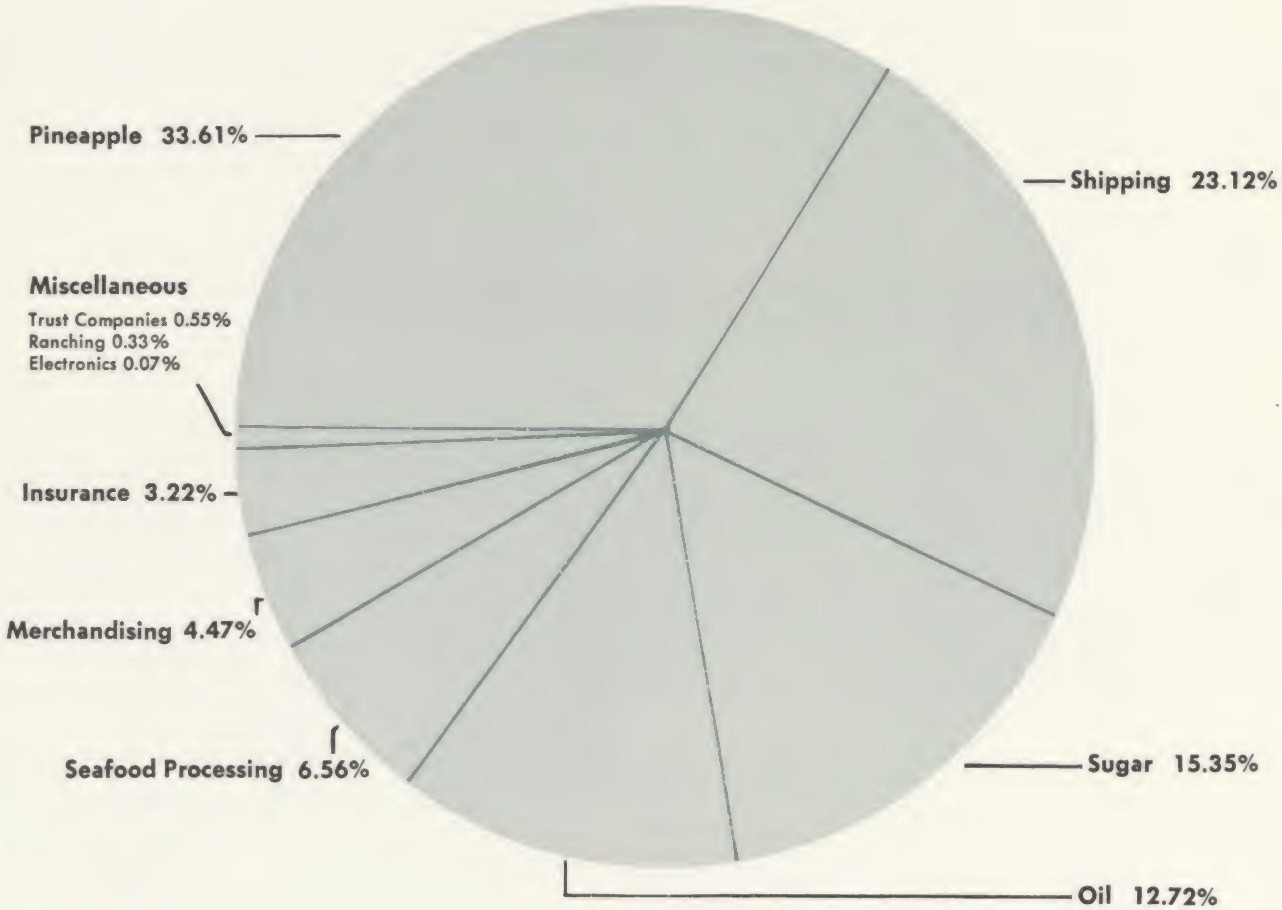
* Includes the following subsidiaries whose financial position and operating results are consolidated with those of Castle & Cooke, Inc.:

Blackhawk Ranch Co.	15,000	15,000	100.00
Castle & Cooke Terminals, Ltd.	75,000	75,000	100.00
Hawaiian Equipment Co., Ltd.	150,000	150,000	100.00
Kohala Sugar Co.	250,000	249,676	99.87

† These shares are held by Kohala Sugar Company.

DIVERSIFICATION OF INVESTMENTS*

As of December 31, 1959



* BASED ON APPROXIMATE MARKET VALUE OR, IN THE CASE OF CONSOLIDATED INVESTMENTS, ON BOOK VALUE.

CASTLE & COOKE, INC.

STATEMENT OF CONSOLIDATED FINANCIAL CONDITION

AS OF DECEMBER 31

	1959		1958	
CURRENT ASSETS:				
Cash	$ 2,408,385		$ 1,770,986	
Marketable Securities at Cost—Less Amortization	1,358,731		2,645,261	
Accounts and Notes Receivable	2,099,944		2,215,879	
Mortgage Note Receivable Within One Year	17,320		100,000	
Inventories:				
Merchandise at Lower of Cost or Market	2,118,608		1,647,499	
Supplies at Cost	782,584		784,484	
Prepaid Expenses	191,498		120,682	
Total Current Assets		$ 8,977,070		$ 9,284,791
DEDUCT CURRENT LIABILITIES:				
Accounts Payable	$ 3,095,899		$ 3,513,023	
Notes Payable (Note 1)	2,074,111		752,962	
Income Taxes Payable	943,716		463,859	
Total Current Liabilities		6,113,726		4,729,844
NET CURRENT ASSETS		$ 2,863,344		$ 4,554,947
GROWING CROPS—Static Value (Note 2)		1,000,000		1,000,000
INVESTMENTS		21,659,920		17,612,623
LAND AT COST		6,367,099		5,403,487
BUILDINGS, MACHINERY AND EQUIPMENT	$15,776,021		$14,885,230	
Less Reserve for Depreciation	10,061,919		9,453,258	
		5,714,102		5,431,972
NOTES RECEIVABLE		27,540		36,449
MORTGAGE NOTE RECEIVABLE AFTER ONE YEAR		....		369,977
		$37,632,005		$34,409,455
DEDUCT:				
Notes Payable Due After One Year (Note 1)	$ 3,799,200		$ 1,489,840	
Deferred Income—Gain on Sale of Land	16,422		445,600	
Reserves:				
Insurance and Other	77,525		65,320	
Minority Interest in Subsidiary	8,361		8,031	
		3,901,508		2,008,791
EXCESS OF ASSETS OVER LIABILITIES AND RESERVES		**$33,730,497**		**$32,400,664**
STOCKHOLDERS' EQUITY:				
Capital Stock: $10 Par Value				
Authorized: 2,500,000 Shares				
Issued: 1,571,279 and 1,540,361 Shares	$15,712,790		$15,403,610	
Capital Paid-In Over Par Value of Stock	673,423		....	
Capital Arising from Acquisition of Subsidiaries' Stock	2,406,863		2,406,863	
Accumulated Earnings Invested in the Business	15,099,231		14,590,191	
		$33,892,307		$32,400,664
Less Treasury Stock at Cost	(4,446 shs.)	161,810		....
STOCKHOLDERS' EQUITY		**$33,730,497**		**$32,400,664**

See Financial Notes.

CASTLE & COOKE, INC.

STATEMENT OF CONSOLIDATED EARNINGS and ACCUMULATED EARNINGS INVESTED IN THE BUSINESS

FOR THE YEARS ENDED DECEMBER 31

	1959		1958	
INCOME:				
Agency Fees		$ 1,650,381		$ 1,581,169
Dividends		2,024,378		1,073,016
Interest		65,823		127,651
Gross Receipts (Subsidiaries) (Note 4)	$22,486,750		$19,653,804	
Less: Cost of Sales and Direct Expenses	18,131,329		16,660,015	
Gross Margin (Subsidiaries)		4,355,421		2,993,789
Rentals—Equipment		324,024		377,735
Rentals—Other		911,375		863,433
Gain on Sale of Land		441,058		428,815
Miscellaneous—Net		231,559		163,558
Total Income		$10,004,019		$ 7,609,166
OPERATING EXPENSES (Note 5)		5,724,020		5,159,030
NET INCOME Before Income Taxes		$ 4,279,999		$ 2,450,136
INCOME TAXES:				
Federal	$ 1,139,288		$ 639,811	
State	108,990		100,367	
		1,248,278		740,178
NET INCOME		**$ 3,031,721**		**$ 1,709,958**
MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARY		331		(277)
NET INCOME, CASTLE & COOKE, INC.		**$ 3,031,390**		**$ 1,710,235**
ACCUMULATED EARNINGS INVESTED IN THE BUSINESS—JANUARY 1		14,590,191		14,286,126
		$17,621,581		$15,996,361
DEDUCT:				
Dividends Paid:				
Cash—Per Share 1959—$1.00; 1958—$.93	$ 1,539,374		$ 1,406,170	
Stock—2%	982,976		....	
		2,522,350		1,406,170
ACCUMULATED EARNINGS INVESTED IN THE BUSINESS—DECEMBER 31		**$15,099,231**		**$14,590,191**

See Financial Notes.

FINANCIAL NOTES

1. Notes payable in the amount of $5,873,311 consist of (1) $337,333 Hawaiian Equipment Company, Limited, notes payable to the banks. Certain trucks and other equipment are pledged as collateral for these notes. (2) $4,281,500 unsecured Castle & Cooke, Inc., notes payable to banks within the next two years. (3) Demand notes payable to Ewa Plantation Company and Waialua Agricultural Co., Ltd., consist of $250,000 and $1,004,478 respectively.

2. Growing crops of Kohala Sugar Company are stated at a static value which is less than the current cost of the crops.

3. There are outstanding options in favor of officers and employees of Castle & Cooke, Inc., and one subsidiary, under which they have or may acquire rights to purchase an aggregate of 56,335 shares of authorized but unissued shares of Castle & Cooke, Inc.

4. Consistent with the accounting procedures for sugar plantations, conditional compliance payments are recorded in the year in which they are received, although the payment is based on the crop of the preceding year. Included in gross receipts in 1959 and 1958 are the amounts of $285,907 and $395,033 respectively, received by Kohala Sugar Company.

5. Included in operating expenses is depreciation which has been calculated on the straight line method except for certain equipment purchased subsequent to 1953 on which depreciation has been calculated on the "sum of the years' digits" method. Depreciation taken during 1959 and 1958 was $836,198 and $853,891 respectively.

6. Contingent Liabilities:

   The outstanding balance at December 31, 1959 of accounts and notes receivable of Hawaiian Equipment Company, Limited, discounted at banks was $1,228,259.

   Not included in the Statement of Financial Condition are unfunded commitments for retirement plans in effect for active employees of the company and its subsidiaries amounting to approximately $757,000 at December 31, 1959. Payments to insurance underwriters in 1959 for the insured plans were $770,000, of which approximately $667,500 was on account of current service cost and $102,500 was applied to the unfunded commitments.

   The company is the guarantor of notes totalling $566,397 issued by Windward City, Ltd., to the Bank of Hawaii. These notes are payable in three annual installments beginning in 1959, which installment was paid.

   The Company is a guarantor, along with other stockholders, of its proportionate share of loans of Kawaihae Terminals, Inc. As of December 31, 1959, its share of the guaranty was $720,000.

7. Principles of Consolidation:

   Companies in which Castle & Cooke, Inc., owns substantially all of the outstanding stock have been consolidated in the accompanying financial statements. These companies include:

   1. Castle & Cooke Terminals, Limited
   2. Hawaiian Equipment Company, Limited
   3. Kohala Sugar Company
   4. Blackhawk Ranch.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

1154 BISHOP STREET
HONOLULU 9, HAWAII

AUDITOR'S REPORT

To the Stockholders of

Castle & Cooke, Inc.:

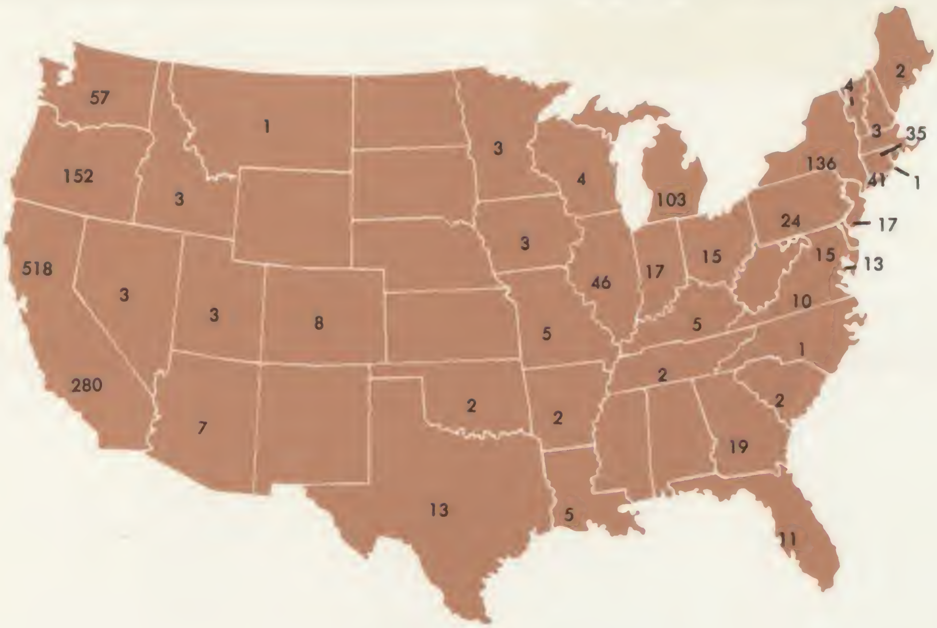
We have examined the Statement of Consolidated Financial Condition of Castle & Cooke, Inc., and its subsidiaries at December 31, 1959, and the Statement of Consolidated Earnings and Accumulated Earnings Invested in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Statements of Consolidated Financial Condition, Consolidated Earnings and Accumulated Earnings Invested in the Business present fairly the consolidated financial position of Castle & Cooke, Inc., and its subsidiaries at December 31, 1959, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 15, 1960

Haskins & Sells

Distribution of Castle & Cooke Stockholders by Geographic Area and State



WEST	
Alaska	1
California—Northern	518
California—Southern	280
Colorado	8
Hawaii	2,003
Idaho	3
Montana	1
Nevada	3
Oregon	152
Utah	3
Washington	57
Wyoming	......
	3,029

MIDDLE WEST	
Illinois	46
Indiana	17
Iowa	3
Kansas	......
Michigan	103
Minnesota	3
Missouri	5
Nebraska	......
North Dakota	......
Ohio	15
South Dakota	......
Wisconsin	4
	196

EAST	
Connecticut	41
Delaware	......
District of Columbia	15
Maine	2
Maryland	13
Massachusetts	35
New Hampshire	3
New Jersey	17
New York	136
Pennsylvania	24
Rhode Island	1
Vermont	4
West Virginia	......
	291

SOUTHWEST	
Arizona	7
New Mexico	......
Oklahoma	2
Texas	13
	22

SOUTH	
Alabama	......
Arkansas	2
Florida	11
Georgia	19
Kentucky	5
Louisiana	5
Mississippi	......
North Carolina	1
South Carolina	2
Tennessee	2
Virginia	10
	57

FOREIGN	
	33

The Mission Depository where Castle & Cooke started business in 1851.

HIGHLIGHTS FROM HISTORY

Castle & Cooke was founded June 2, 1851, as a partnership by Samuel Northrup Castle and Amos Starr Cooke. They had arrived in Hawaii in 1837 as lay members of the eighth missionary company sent to the islands by the American Board of Commissioners for Foreign Missions in Boston.

Castle, with a background of banking and bookkeeping experience, was assigned to the mission depository, a combination store, warehouse and bank which served the business needs of the mission colony. Cooke and his wife established the Royal School for the children of native chiefs.

Some twelve years after the arrival of Castle and Cooke in Hawaii, the American Board decided that the mission program in the islands should be economically self-sustaining. Castle and Cooke formed a partnership and made arrangements to operate the depository as a commercial enterprise.

When the company was established in 1851, Honolulu was booming with business generated by visits of whaling ships and by the California gold rush trade.

By the late 1850's prospects of establishing sugar cane as a major commercial crop for Hawaii were showing increasing promise. Castle & Cooke subsequently became business agents for a number of plantations and throughout the ensuing years the company was prominently identified with the growth and development of Hawaii's major industry. Today Castle & Cooke has substantial investments in and serves as business agent for three sugar plantations.

Because of Hawaii's economic dependence on reliable waterborne commerce, Castle & Cooke has been involved in shipping directly or indirectly since organization of the firm. The original partners became agents for the bark Morning Star in 1856. As the business grew, the company acquired interests in various vessels serving the Hawaiian trade. Shortly after the turn of the century the company established an agency and investment relationship with the Matson Navigation Company and continues today as Matson's freight agent for the port of Honolulu. Meantime, the company developed stevedoring and freight traffic services to meet the growing needs of the port.

As a result of the Matson relationship Castle & Cooke also acquired an interest in Honolulu Oil Company which was established originally by Capt. William Matson to provide fuel oil for his ships.

Castle & Cooke's interest in Hawaii's second largest agricultural industry, pineapple production, dates from about 1909 when the company participated in leasing of lands for the first large scale commercial plantings on Oahu. Today the company is the majority shareholder in Hawaiian Pineapple Company, one of the world's largest growers and processors of pineapple products.

In recent years the company has followed a program of selective diversification. An investment in Hawaiian Tuna Packers, Limited, led eventually to ownership of the latter firm and to a merger into Columbia River Packers Association in which Castle & Cooke now holds a 60 per cent interest.

Foreseeing a potential in macadamia nut production, the company acquired land and established an orchard and processing plant on the Island of Hawaii. Royal Hawaiian Macadamia nuts, grown, processed and packed by Castle & Cooke, now have nationwide distribution.

A wholly owned subsidiary established following World War II is distributor for various lines of industrial and agricultural equipment.

More recently the company participated in organization of Hawaii's first firm to manufacture and provide services for various types of electronics equipment.

The company's large land holdings in Hawaii were supplemented by purchase of the 6,600-acre Blackhawk Ranch in California in an area of potential residential and industrial growth.

Thus, in the more than a century which has elapsed since formation of the original two-man partnership, Castle & Cooke has become a management and investment company with more than 3,600 shareholders. In addition to the management staff, the company organization today includes departments specializing in purchasing, freight traffic, land matters, accounting, industrial and civil engineering, industrial and public relations and other business functions. The company, together with its subsidiaries and affiliated firms, is engaged in a wide variety of business activities which over the years have contributed to Hawaii's economic growth and diversification.